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August 21, 1996

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William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

**Re: EX PARTE PRESENTATION - In the Matter of Implementation of the Pay
Telephone Reclassification and Compensation Provisions in the
Telecommunications Act of 1996 - CC Docket No. 96-128**

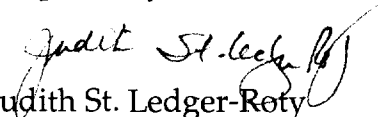
Dear Mr. Caton:

On August 20, 1996, on behalf of Paging Network, Inc. ("PageNet"), the undersigned counsel, in person, and Dodie Barr of PageNet, by telephone, met with Michael Carowitz, Legal Assistant in the Enforcement Division of the Common Carrier Bureau, to discuss issues in the above-referenced dockets and the information contained in the attached presentation.

As the above-described meeting was completed late in the afternoon, counsel was unable to file this letter on the same day that the meeting occurred. To the extent the Commission deems necessary, counsel hereby requests waiver of §1.1206(a)(2) of the Commission's rules requiring same-day submission of the instant letter.

In accordance with the Commission's rules, 47 C.F.R. §1.1206(a)-(b), we are filing an original and two copies of this notice of *ex parte* presentation. Please direct any questions regarding this filing to the undersigned.

Respectfully submitted,


Judith St. Ledger-Roty

JSLR:cpa
Enclosure
cc: Michael Carowitz

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**PAYPHONE COMPENSATION
CC DOCKET NO. 96-128**

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AUG 21 1996

**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY**

**Submitted by
Paging Network, Inc.
August 20, 1996**

OVERARCHING
CONSIDERATION: THE FCC
MUST BALANCE THE
INTERESTS OF ALL
AFFECTED PARTIES,
ENSURING THAT ANY PLAN
DESIGNED TO ASSURE "FAIR
COMPENSATION" TO
PAYPHONE PROVIDERS IS
ALSO FAIR TO OTHER
PROVIDERS, SUCH AS
SUBSCRIBERS TO 800
SERVICE.

THE ONLY PAYPHONE COMPENSATION
MECHANISMS THAT ARE BOTH COMPLIANT
WITH THE REQUIREMENTS OF THE
COMMUNICATIONS ACT OF 1934, AS
AMENDED, AND FAIR TO ALL AFFECTED
PARTIES ARE THOSE PROPOSED BY
PAGENET:

- ◆ SHARED COSTS THROUGH THE SUBSCRIBER
LINE CHARGE CONTRIBUTION
- ◆ COIN-PAID SET-USE FEE

OPTION ONE: ALL USERS OF TELEPHONE SERVICE SHOULD CONTRIBUTE TO PAYPHONE COMPENSATION:

- ◆ A COMPENSATION MECHANISM THAT SPREADS COSTS AMONG ALL TELEPHONE USERS:
 - + PASSES THE COSTS OF PAYPHONES ONTO THE COST-CAUSING PARTY--THE GENERAL PUBLIC.
 - + IS CONSISTENT WITH THE PRINCIPLE THAT COSTS INCURRED TO DEPLOY TECHNOLOGY BENEFITING THE PUBLIC AND SUPPORTING NEW SERVICES SHOULD BE BORNE BY ALL NETWORK USERS.
 - + AVOIDS THE CONCERNS EXPRESSED BY THE COMMISSION REGARDING END-USER INCONVENIENCE AND EXPECTATIONS RELATING TO A COIN-PAID SET-USE FEE.
 - + CAN BE EASILY IMPLEMENTED BY INCLUDING COMPENSATION COSTS WITHIN THE CARRIER COMMON LINE CHARGE AND POOLING INTO FUND ADMINISTERED BY NECA.
- ◆ THE AVAILABILITY OF TOLL-FREE 800 SERVICE INURES TO THE BENEFIT OF THE GENERAL PUBLIC, NOT SOLELY TO PAGING CARRIERS AND THEIR SUBSCRIBERS.
- ◆ MANDATING THAT 800 SUBSCRIBERS PAY FOR THE COSTS OF CALL ORIGINATION, DIRECTLY OR INDIRECTLY, WOULD INTERFERE WITH MILLIONS OF EXISTING CONTRACTS:
 - + CONTRACTS BETWEEN THE 800 SERVICE SUBSCRIBERS AND THE IXC_s PROVIDING THE UNDERLYING SERVICE (E.G., PAGING CARRIER-IXC).
 - + CONTRACTS BETWEEN THE 800 SERVICE SUBSCRIBERS AND THEIR CUSTOMERS (E.G., PAGING CARRIER-PAGING SUBSCRIBERS).
 - PAGING SERVICE CONTRACTS DO NOT CONTEMPLATE ASSESSMENT OF PAYPHONE CHARGES (THE FCC HAS NEVER REQUIRED COMPENSATION TO PAYPHONE OWNERS)

OPTION TWO: THE CALLING PARTIES SHOULD PAY FOR THE USE OF THE PAYPHONE:

- ♦ A COIN-PAID SET-USE FEE IS CONSISTENT WITH COST-CAUSATION PRINCIPLES AND COMMISSION POLICIES.
 - + IT IS THE CALLING PARTY, NOT THE CALLED PARTY, THAT INCURS THE COSTS.
 - + IT IS THE CALLING PARTY, NOT THE CALLED PARTY, WHO MAKES THE CHOICE TO USE THE PARTICULAR TELEPHONE EQUIPMENT.
 - + NEITHER THE IXC PROVIDING THE 800 SERVICE, NOR THE SUBSCRIBER TO THE 800 SERVICE, NOR THE 800 SUBSCRIBER'S CUSTOMER, HAS CONTROL OVER THE LOCATION FROM WHICH TOLL-FREE 800 CALLS ARE PLACED.
- ♦ A COIN-PAID SET-USE FEE ADVANCES COMPETITION BY ENCOURAGING PAYPHONE PROVIDERS TO OFFER COMPETITIVE RATES TO THE END-USERS WHO PAY THE ASSOCIATED FEES.
- ♦ A COIN-PAID SET-USE FEE:
 - + WILL HELP DETER FRAUD.
 - + HAS NO ADMINISTRATIVE BURDENS OR COSTS.
 - + CAN BE IMPLEMENTED IMMEDIATELY BY PAYPHONE OWNERS.
 - + CAN BE IMPLEMENTED LAWFULLY UNDER THE COMMUNICATIONS ACT OF 1934, AS AMENDED.

**REQUIRING TOLL-FREE 800 SUBSCRIBERS TO
PAY, DIRECTLY OR INDIRECTLY, FOR THE USE OF
THE PAYPHONE UNDER ANY CIRCUMSTANCE:**

- ◆ VIOLATES THE COMMISSION'S LONG-STANDING COST-CAUSATIVE POLICY BY CHARGING THE WRONG PARTY.
- ◆ IS UNREASONABLY DISCRIMINATORY BECAUSE IT SINGLES OUT ONE GROUP TO PAY THE COSTS OF PAYPHONES TO AVOID INCONVENIENCE TO THE TRUE COST-CAUSER.
- ◆ UNREASONABLY RAISES PAGING CARRIERS' AND SIMILARLY SITUATED PARTIES' COSTS WITHOUT THE ABILITY TO RECOUP THOSE COSTS.
- ◆ RESULTS IN SIGNIFICANT COSTS TO 800 SUBSCRIBERS PROVIDING PUBLIC ASSISTANCE THROUGH TOLL-FREE NUMBERS, E.G., GOVERNMENT AGENCIES; DOMESTIC VIOLENCE, AIDS, AND OTHER PUBLIC SERVICE HOTLINES.
- ◆ HARMS THE PUBLIC INTEREST BY POTENTIALLY FORCING PUBLIC ASSISTANCE PROGRAMS TO DISCONTINUE 800 SERVICES.
- ◆ CONTRAVENES THE POLICY ENUNCIATED IN THE COMMISSION'S RECENT PAY-PER-CALL ORDER THAT PEOPLE MUST BE AFFORDED THE OPPORTUNITY TO (1) RECEIVE INFORMATION ABOUT THE COST OF A CALL, AND (2) REJECT THE CALL WITHOUT INCURRING CHARGES.

OTHER RELEVANT ISSUES:

- ◆ CALLS LASTING LESS THAN ONE MINUTE SHOULD BE EXEMPTED:
 - + DETERS FRAUD THROUGH THE USE OF AUTODIALERS.
 - + INCIDENTAL CALLS NOT COUNTED BECAUSE OF DE MINIMIS NATURE.
- ◆ COMPANIES WITH TOLL REVENUES OF LESS THAN \$100 MILLION SHOULD BE EXEMPTED:
 - + REDUCES BURDENS ON SMALLER COMPANIES.
 - + LESS ADMINISTRATIVELY BURDENSOME TO HANDLE.